



County of Los Angeles DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

DAVID SANDERS, Ph.D.
DIRECTOR

Board of Supervisors

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Fifth District

September 20, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO APPROVE AMENDMENTS TO EXTEND TWO AGREEMENTS WITH
COMMUNITY COLLEGE FOUNDATION (CCF) FOR INDEPENDENT LIVING
PROGRAM (ILP) LIFE SKILLS TRAINING SERVICES AND EARLY START TO
EMANCIPATION PROGRAM SERVICES
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment Number Two (Attachment A) to Agreement Number 73059 with Community College Foundation (CCF) for an additional nine (9) months from October 1, 2005 through June 30, 2006 for the provision of Independent Living Program Services to foster/probation youth for the Maximum Contract Sum of \$1,612,621. The total revised Maximum Contract Sum from October 3, 2000 through June 30, 2006 will be \$12,363,426. The total cost of this nine-month extension is \$1,612,621 and is financed 100% by federal and State Independent Living Program (ILP) funds. Sufficient funding is included in the FY 2005-06 Adopted Budget.
2. Approve and instruct the Chair to sign the attached Amendment Number Three (Attachment B) to Agreement Number 74076 with Community College Foundation (CCF) for an additional nine (9) months from October 1, 2005 through June 30, 2006 for the provision of Early Start to Emancipation Program (ESTEP) assessment and educational services to foster/probation youth for the Maximum Contract Sum of \$1,790,674. The total revised Maximum Contract Sum from July 1, 2002 through June 30, 2006 will be \$9,550,260. The total cost of this nine-month extension is \$1,790,674 and is financed by 54% Federal and

State Independent Living Program (ILP) and 46% State Specialized Care Incentive and Assistance Program (SCIAP) funds. Sufficient funding is included in the FY 2005-06 Adopted Budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current expiration date for both Agreements is September 30, 2005. The recommended actions will enable DCFS to: (a) develop one new program which will provide both services; (b) integrate findings from the Multi-Site Evaluation of Foster Youth Programs into the new program; and (c) develop a corresponding solicitation and contract with a start date of July 1, 2006. Without the nine-month extensions, Independent Living Program Services and ESTEP Services will lapse for nine months until the new program and solicitation process is completed. Interruption in these services would be detrimental to the youth served by the programs.

This Board letter does not comply with the Board's policy requiring timely submission of contracts to your Board for approval. Late submission is the result of an acute shortage in DCFS Contracts Administration staff. The initial solicitation was scheduled for release in June 2005, but was delayed due to review and integration of the initial findings from the Multi-Site Evaluation of Foster Youth Programs, Year One Annual Report conducted by the Chapin Hall Center for Children, Urban Strategies, Inc, and The National Opinion Research Center, and staff shortage.

Implementation of Strategic Plan Goals

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal 1 (Service Excellence) and Goal 5 (Children and Families' Well-Being). Continued provision of Independent Living Program Services and ESTEP services to youth in out-of-home care will facilitate their transition to independent living.

FISCAL IMPACT/FINANCING

The cost of the nine-month extension of the Independent Living Program Services Agreement is \$1,612,621. The Maximum Contract Sum payable under the Independent Living Program Services Agreement for the complete term of the Agreement from October 3, 2000 through June 30, 2006 will be \$12,363,426. The cost of the Agreement is financed 100% by federal and State ILP funds; there is no net County cost (NCC). Sufficient funding is included in the FY 2005-06 Adopted Budget.

The cost of the nine-month extension of the ESTEP Agreement is \$1,790,674. The Maximum Contract Sum payable under the ESTEP Agreement for the complete term of

the Agreement from July 1, 2002 through June 30, 2006 will be \$9,550,260. The cost of the Agreement is financed by 54% Federal and State ILP and 46% State Specialized Care Incentive and Assistance Program (SCIAP) funds; there is no NCC. Sufficient funding is included in the FY 2005-06 Adopted Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CCF is an independent private entity, which has contracted with Los Angeles County since 1987 to provide services to Los Angeles County foster/probation youth who do not have a support network for real-world living. Independent Living Program Services serves youth 16-21 and ESTEP serves youth 14-15.

Under the provisions of the Agreements, CCF has subcontracted with individual Los Angeles Community College District schools to provide ILP/Emancipation Services. Independent Living Program Services and ESTEP provide youth with: (a) tutoring for youth 14-15 as part of ESTEP; and (b) the opportunity to participate in essential living skills-building workshops and to attend various events as part of both Independent Living Program Services and ESTEP. These activities are designed to prepare these youth for recognizing the opportunities they have, for making the right choices during the years leading to their emancipation, and for successfully emancipating from the foster care/Probation systems and leading their independent young adult lives as responsible members of the community.

Your Board previously approved extending the Independent Living Program Services and ESTEP Agreements pending completion of an evaluation being conducted by the Chapin Hall Center for Children at the University of Chicago and to allow DCFS time to complete a combined solicitation process. The preliminary findings for Year Two will be released in early 2006, which will provide first impact data based on the first follow-up with youth in Los Angeles County. However, the evaluation has been rescheduled for completion in 2007, at which time it is expected to provide valuable direction in redesigning the scope of work for future Independent Living Program Services and ESTEP contracts.

CCF has agreed to extend the current Agreements for a nine-month period with no rate increase or change in the scope of services.

The current Agreements include a provision that the County has no obligation to pay the Contractor for expenditures exceeding the Maximum Contract Sum. Furthermore, the Contractor will not be asked to perform services exceeding the Contract amount, scope of work, or Contract dates, and the County may terminate the Agreements at any time by providing a 30-day advance written notice to the Contractor.

CCF is in compliance with all Board, Chief Administrative Office (CAO) and County Counsel requirements.

The Amendments have been approved as to form by County Counsel, and the CAO has approved the Board letter. The Probation Department concurs with the extension of these Agreements.

CONTRACTING PROCESS

On October 3, 2000, the Board approved a three-year Independent Living Program Services Agreement through September 30, 2003. On September 30, 2003, your Board approved Amendment Number One, to extend the Agreement for an additional two-year period through September 30, 2005, in anticipation of receiving the results of the Chapin Hall Center for Children at the University of Chicago and Urban Strategies, Inc. (CHCC/USI) evaluation.

Amendment Number One to extend the Agreement did not involve a solicitation. This was in compliance with Divisions 23-650.18 of the State Regulations, which allows contracts to be negotiated when unique circumstances exist that preclude formal advertising. The unique circumstances determined by DCFS, and confirmed with CDSS at that time, were that only well established programs, like the Program Services being provided by CCF, were being evaluated by CHCC/USI. Introducing a new contractor would have changed the design of the program. CCF was therefore determined to be the only reasonably practicable source for this service at that time.

In April 2002, DCFS conducted a pre-bid survey for ESTEP services, which revealed two other agencies that were interested in providing ESTEP services. However, both of these agencies were deemed non-responsive based on the requirements of the pre-bid survey. Therefore, DCFS proceeded with negotiated contract procurement with CCF for a new Contract, and on July 9, 2002, the Board approved the current one-year ESTEP Agreement through June 30, 2003.

On June 17, 2003, your Board approved Amendment Number One, to extend the ESTEP Agreement for an additional two-year period, through June 30, 2005, in anticipation of receiving the results of the CHCC/USI evaluation. On June 21, 2005, your Board approved Amendment Number Two, which extended the Agreement for three months until September 30, 2005 to align the expiration date of the ESTEP Agreement with that of Independent Living Program Services Agreement.

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On August 31, 2005, DCFS requested approval from the California Department of Social Services (CDSS) for a nine-month extension of both Agreements, subject to your Board's approval. On September 7, 2005, CDSS approved DCFS' request for a nine-month extension of both Agreements, based on CDSS' Management and Office Procedures Manual, Purchase of Service, Section 23-650.18.

DCFS has determined that the Living Wage Program (County Code Chapter 2.201) does not apply to these recommended Amendments.

IMPACT ON CURRENT SERVICES

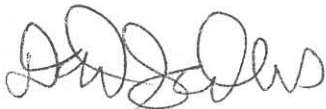
These Amendments will allow DCFS to continue providing Independent Living Program and ESTEP Services after September 30, 2005, without interruption, to youth in out-of-home care.

CONCLUSION

Upon approval and execution of this Amendment by your Board, it is requested that the Executive Officer-Clerk of the Board send an executed copy of the adopted Board Letter and its attachments to:

1. Department of Children and Family Services
Contracts Administration
Attention: Walter Chan, Contracts Manager
425 Shatto Place, Room 400
Los Angeles, CA 90020
2. Office of the County Counsel
Attention: David Beaudet, Deputy County Counsel
201 Centre Plaza Drive, Suite 1
Monterey Park, CA 91754
3. Community College Foundation
Attention: Delia Johnson, Senior Vice President
3530 Wilshire Boulevard, Suite 610
Los Angeles, CA 90010

Respectfully submitted,



DAVID SANDERS, Ph.D.
Director

DS:AC:WC:RML:wk

c: Chief Administrative Officer
County Counsel
Probation Department

Attachments (2)

AMENDMENT NUMBER TWO
TO AGREEMENT NUMBER 73059
BY AND BETWEEN
THE
COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AND
COMMUNITY COLLEGE FOUNDATION (CCF)
FOR
INDEPENDENT LIVING PROGRAM (ILP)
[LIFE SKILLS TRAINING (LST) SERVICES]

OCTOBER 2005

**AMENDMENT NUMBER TWO TO AGREEMENT NUMBER 73059
WITH COMMUNITY COLLEGE FOUNDATION (CCF)**

REFERENCE IS MADE TO THE DOCUMENT ENTITLED "AGREEMENT FOR INDEPENDENT LIVING PROGRAM," AGREEMENT NUMBER 73059, WITH COMMUNITY COLLEGE FOUNDATION (CCF), ADOPTED BY THE BOARD OF SUPERVISORS ON OCTOBER 3, 2000, AND AMENDED ON SEPTEMBER 30, 2003 TO EXTEND THE SERVICES TO SEPTEMBER 30, 2005, AND FURTHER IDENTIFIED AS AGREEMENT NUMBER 73059, HEREINAFTER REFERRED TO AS "AGREEMENT."

Effective October 1, 2005, the AGREEMENT is revised as follows:

WHEREAS, the parties have previously entered into an Agreement for the provision of Independent Living Program (ILP) Life Skills Training (LST) Services;

WHEREAS, the parties agree to extend the term of the AGREEMENT to allow the COUNTY time to complete a new solicitation combining LST and Early Start To Emancipation Preparedness (ESTEP) Services;

WHEREAS, pursuant to Section 2.0, CHANGES AND AMENDMENTS, Subsection 2.2 of the AGREEMENT, the following changes are made to the AGREEMENT;

NOW THEREFORE, in consideration of the foregoing and mutual consent herein, the AGREEMENT is modified as follows:

1. Section 1.0, **APPLICABLE DOCUMENTS**, Subsection 1.2 is amended to read as follows:
 - 1.2 Exhibits: A, A-1, B, B-1, B-2, **B-3**, C, **C-1**, D, E, F, G, H, I, J, K, L, **M, N, and O**, set forth below, are attached to and incorporated by reference into this AGREEMENT.
2. Section 1.0, **APPLICABLE DOCUMENTS**, Subsection 1.3 is deleted in its entirety and replaced as follows:
 - 1.3 In the event of any conflict in the definition or interpretation of any word, responsibility, service, schedule, or contents of a deliverable product between this AGREEMENT and Exhibits, or among Exhibits, said conflict or inconsistency shall be resolved by giving precedence first to the AGREEMENT, and then to the Exhibits according to the following priority:

Exhibit A	Statement of Work
Exhibit B	Budget for October 3, 2000 to September 30, 2003
Exhibit B-1	Monthly ILP Invoice and Monthly Expenditure Detail

Exhibit B-2	Budget for October 01, 2003 to September 30, 2005
Exhibit B-3	LST Budget for Amendment Number Two
Exhibit F	Certification of Independent Price Determination
Exhibit D	Auditor-Controller Contract Accounting and Administration Handbook
Exhibit L	Office of Management and Budget Circular A-122
Exhibit A-1	Community Colleges Listing
Exhibit C	Employee Acknowledgement And Confidentiality Agreement
Exhibit C-1	Non-employee Acknowledgement And Confidentiality Agreement
Exhibit G	Contactor's Equal Employment Opportunity (EEO) Certification
Exhibit H	Internal Revenue Notice 1015
Exhibit M	County Administration
Exhibit N	Contractor Administration
Exhibit O	Contractor's obligation under HIPAA
Exhibit E	Community Business Enterprise (CBE) form
Exhibit I	Child Support Compliance Program Certification
Exhibit J	Jury Service Program Certification
Exhibit K	Safely-surrendered Baby Law Fact sheet

3. Section 4.0, **TERM AND TERMINATION** is amended as follows:

4.0 **TERM AND TERMINATION**

The term of this AGREEMENT shall commence on October 03, 2000 and shall **continue through June 30, 2006**, unless terminated earlier as provided herein.

4. Section 5.0, **CONTRACT SUM**, Subsection 5.1 is amended as follows:

5.1 COUNTY and CONTRACTOR agree that this is a firm-fixed price contract. During the term of this AGREEMENT, COUNTY shall reimburse CONTRACTOR for the costs of performing the services set forth in **Exhibit A, Statement of Work**, in accordance with **Section 6.0, Payment and Invoices**.

5.1.1 The Maximum Contract sum payable under this AGREEMENT for **the complete term of the AGREEMENT, from October 03, 2000 through June 30, 2006**, shall not exceed **\$12,363,426**.

5.1.2 The Maximum Annual Contract Sum for the period from October 3, 2000 through September 30, 2001, shall not exceed \$2,150,161.

- 5.1.3 The Maximum Annual Contract Sum for the period from October 1, 2001 through September 30, 2002, shall not exceed \$2,150,161.
- 5.1.4 The Maximum Annual Contract Sum for the period from October 1, 2002 through September 30, 2003, shall not exceed \$2,150,161.
- 5.1.5 The Maximum Annual Contract Sum for the period from October 1, 2003 through September 30, 2004, shall not exceed \$2,150,161.
- 5.1.6 The Maximum Annual Contract Sum for the period from October 1, 2004 through September 30, 2005, shall not exceed \$2,150,161.
- 5.1.7 The total amount payable under [Amendment Number Two of this AGREEMENT](#), is [\\$1,612,621 for the nine \(9\) months extension from October 01, 2005 through June 30, 2006](#).

- 5. Section 17.0 **CLIENT GRIEVANCES**, is deleted in its entirety and replaced with a new Section 17.0, **COMPLAINTS**, which shall read as follows:

17.0 **COMPLAINTS**

- 17.1 CONTRACTOR shall establish a written procedure to resolve client grievances. At the request of COUNTY's Program Manager, CONTRACTOR shall submit such procedures to COUNTY within five (5) calendar days from the date of the request.

- 17.1.1 CONTRACTOR shall develop and operate procedures for receiving, investigating and responding to complaints. Within five (5) business days after Contract effective date, CONTRACTOR shall provide COUNTY with CONTRACTOR'S policy for receiving, investigating and responding to user complaints.

- 17.1.2 If COUNTY request changes in CONTRACTOR'S policy, CONTRACTOR shall make such changes and resubmit the plan within five (5) business Days.

- 17.1.3 If, at any time, CONTRACTOR wishes to change

CONTRACTOR'S policy, CONTRACTOR shall submit proposed changes to COUNTY for approval before implementation.

17.2 CONTRACTOR shall preliminarily investigate all complaints and notify COUNTY's Program Manager of the status of the investigation within five (5) business Days of receiving the complaint.

17.3 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

11.4 Copies of all written responses shall be sent to COUNTY's Program Manager within three (3) business Days of mailing to the complainant.

6. Section 33.0 **CHILD SUPPORT**, Subsection 33.2 is amended to read as follows:

33.2 Termination for Breach of Warranty to Maintain Compliance with COUNTY's Child Support Compliance Program

Failure of CONTRACTOR to maintain compliance with the requirements set forth in Subsection 33.1, Contractor's Warranty of Adherence to COUNTY's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to COUNTY under any other provision of this Contract, failure of CONTRACTOR to cure such default within ninety (90) calendar days of written notice shall be grounds upon which COUNTY may terminate this AGREEMENT pursuant to Section 19.0 Termination for Default, and pursue debarment of CONTRACTOR, pursuant to County Code Chapter 2.202.

7. Section 41.0 **CONTRACTOR RESPONSIBILITY AND DEBARMENT**, Subsection 41.2 is amended to read as follows:

41.2 CONTRACTOR is hereby notified that, in accordance with Chapter 2.202 of the County Code, if COUNTY acquires information concerning the performance of CONTRACTOR on this or other contracts which indicates that CONTRACTOR is not responsible, COUNTY may, in addition to other remedies provided in this Contract, debar CONTRACTOR from bidding or proposing on, or being awarded, and/or performing work on COUNTY contracts for

a specified period of time not to exceed three (3) years, and terminate any or all existing contracts CONTRACTOR may have with COUNTY.

8. Section 41.0 **CONTRACTOR RESPONSIBILITY AND DEBARMENT**, Subsection 41.6 is amended to read as follows:

41.6 CONTRACTOR and DCFS shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

41.7 These terms shall also apply to subcontractors of COUNTY contractors.

9. Section 44.0 **PROPRIETARY RIGHTS**, Subsection 44.1, is amended to read as follows:

44.1 COUNTY and CONTRACTOR agree that all materials, data and information developed under and/or used in connection with this AGREEMENT shall become the sole property of COUNTY, provided that CONTRACTOR may retain possession of all working papers prepared by CONTRACTOR. During and subsequent to the term of this Contract, COUNTY shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein.

Notwithstanding any other provision of this Contract, COUNTY and CONTRACTOR agree that COUNTY shall have all ownership rights in software or modification thereof and associated documentation designed, developed or installed with Federal financial participation; additionally, the Federal Government shall have a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal Government purposes, such software, modifications and documentation. Notwithstanding any other provision of this Contract, proprietary operating/vendor software packages (e.g., ADABAS or TOTAL) which are provided at established

catalog or market prices and sold or leased to the general public shall not be subject to the ownership provisions of this Section. CONTRACTOR may retain possession of all working papers prepared by CONTRACTOR. During and subsequent to the term of this Contract, COUNTY shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein.

10. Sections [54.0 to 65.0](#) are added to the AGREEMENT as follows:

54.0 ADMINISTRATION OF CONTRACT - COUNTY

A listing of all COUNTY Administration referenced in the following Subsections is designated in [Exhibit M, COUNTY's Administration](#). COUNTY shall notify CONTRACTOR in writing of any change in the names or addresses shown.

54.1 COUNTY's Program Director

Responsibilities of COUNTY's Program Director include:

- ensuring that the objectives of this AGREEMENT are met;
- making changes in the terms and conditions of this AGREEMENT in accordance with [Section 2.0, Changes and Amendments](#); and
- providing direction to CONTRACTOR in the areas relating to COUNTY policy, information requirements, and procedural requirements

54.2 COUNTY's Program Manager

Responsibilities of COUNTY's Program Manager include:

- meeting with CONTRACTOR'S Program Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of CONTRACTOR.

COUNTY's Program Manager is not authorized to make any changes in any of the terms and conditions of this

AGREEMENT and is not authorized to further obligate COUNTY in any respect whatsoever.

54.3 COUNTY's Contract Program Monitor

COUNTY's Program Monitor is responsible for overseeing the day-to-day administration of this Contract. The Program Monitor reports to COUNTY's Program Manager.

55.0 ADMINISTRATION OF CONTRACT – CONTRACTOR

55.1 CONTRACTOR'S Program Manager

55.1.1 CONTRACTOR'S Program Manager is designated in [Exhibit N, CONTRACTOR'S Administration](#). CONTRACTOR shall notify COUNTY in writing of any change in the name or address of CONTRACTOR'S Program Manager.

55.1.2 CONTRACTOR'S Program Manager shall be responsible for CONTRACTOR'S day-to-day activities as related to this AGREEMENT and shall coordinate with COUNTY's Program Manager and Program Monitor on a regular basis.

55.2 Approval of CONTRACTOR'S Staff

COUNTY has the absolute right to approve or disapprove all of CONTRACTOR'S staff performing work hereunder and any proposed changes in CONTRACTOR'S staff, including, but not limited to, CONTRACTOR'S Program Manager.

55.3 CONTRACTOR'S Staff Identification

55.3.1 CONTRACTOR shall provide all staff assigned to this AGREEMENT with a photo identification badge in accordance with COUNTY specifications. Specifications may change at the discretion of COUNTY and CONTRACTOR will be provided new specifications as required. The format and content of the badge is subject to COUNTY's approval prior to CONTRACTOR implementing the use of the badge. CONTRACTOR staff, while on duty or when entering a COUNTY facility or its grounds, shall prominently display the photo identification badge on the upper part of the body.

- 55.3.2 CONTRACTOR shall notify COUNTY within one business day when staff is terminated from working on this Contract. CONTRACTOR is responsible to retrieve and immediately destroy the staff's COUNTY photo identification badge at the time of removal from COUNTY Contract.
- 55.3.3 If COUNTY requests the removal of CONTRACTOR'S staff, CONTRACTOR is responsible to retrieve and immediately destroy the CONTRACTOR'S staff COUNTY photo identification badge at the time of removal from working on the Contract.

55.4 Background and Security Investigations

- 55.4.1 At any time prior to or during term of this Contract, COUNTY may require that all CONTRACTOR staff performing work under this AGREEMENT undergo and pass, to the satisfaction of COUNTY, a background investigation, as a condition of beginning and continuing to work under this Contract. COUNTY shall use its discretion in determining the method of background clearance to be used, up to and including a COUNTY performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the expense of CONTRACTOR, regardless if the CONTRACTOR'S staff passes or fails the background clearance investigation.
- 55.4.2 COUNTY may request that CONTRACTOR'S staff be immediately removed from working on this COUNTY Contract at any time during the term of the Contract. COUNTY will not provide to CONTRACTOR or to CONTRACTOR'S staff any information obtained through COUNTY conducted background clearance.
- 55.4.3 COUNTY may immediately deny or terminate facility access to CONTRACTOR'S staff who do not pass such investigation(s) to the satisfaction of COUNTY whose background or conduct is incompatible with COUNTY facility access, at the sole discretion of COUNTY.

55.4.4 Disqualification, if any, of CONTRACTOR staff, pursuant to [this Subsection 55.4.4](#) shall not relieve CONTRACTOR of its obligation to complete all work in accordance with the terms and conditions of this Contract.

56.0 CONTRACTOR'S OBLIGATION UNDER THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

CONTRACTOR shall be required to comply with the Administrative Simplification requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 as contained in [Exhibit O](#).

57.0 FACSIMILE REPRESENTATIONS

COUNTY and CONTRACTOR hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Change Notices and Amendments prepared pursuant to [Changes and Amendments, Section 2.0](#), and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices and Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

58.0 FAIR LABOR STANDARDS

CONTRACTOR shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless COUNTY and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by CONTRACTOR'S employees for which COUNTY may be found jointly or solely liable.

59.0 LIQUIDATED DAMAGES

59.1 If, in the judgment of the Department Head, CONTRACTOR is deemed to be non-compliant with the terms and obligations assumed hereby, the Department Head, or his/her designee, at his/her option, in addition to, or in lieu of,

other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from CONTRACTOR'S invoice for work not performed. The work not performed and the amount to be withheld or deducted from payments to CONTRACTOR from COUNTY, will be forwarded to CONTRACTOR by the Department Head, or his/her designee, in a written notice describing the reasons for said action.

59.2 If the Department Head determines that there are deficiencies in the performance of this AGREEMENT that the Department Head deems are correctable by CONTRACTOR over a certain time span, the Department Head will provide a written notice to CONTRACTOR to correct the deficiency within specified time frames. Should CONTRACTOR fail to correct deficiencies within said time frame, the Department Head may:

- a. Deduct from CONTRACTOR'S payment, pro rata, those applicable portions of the Monthly Contract Sum; and/or
- b. Deduct liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of CONTRACTOR to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is One Hundred Dollars (\$100) per day per infraction, and that CONTRACTOR shall be liable to COUNTY for liquidated damages in said amount. Said amount shall be deducted from COUNTY'S payment to CONTRACTOR; and/or
- c. Upon giving five (5) days notice to CONTRACTOR for failure to correct the deficiencies, COUNTY may correct any and all deficiencies and the total costs incurred by COUNTY for completion of the work by an alternate source, whether it be County forces or separate private contractor, will be deducted and forfeited from the payment to CONTRACTOR from COUNTY, as determined by COUNTY.

59.3 The action noted in [Subsection 59.2](#) shall not be construed as a penalty, but as adjustment of payment to CONTRACTOR to recover COUNTY cost due to the failure

of CONTRACTOR to complete or comply with the provisions of this Contract.

59.4 This Section shall not, in any manner, restrict or limit COUNTY'S right to damages for any breach of this AGREEMENT provided by law or [Subsection 59.2](#), and shall not, in any manner, restrict or limit COUNTY'S right to terminate this AGREEMENT as agreed to herein.

60.0 MOST FAVORED PUBLIC ENTITY

If CONTRACTOR'S prices decline, or should CONTRACTOR at any time during the term of this AGREEMENT provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to COUNTY.

61.0 NON-EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This AGREEMENT shall not restrict DCFS from acquiring similar, equal or like goods and/or services from other entities or sources.

62.0 PATENT, COPYRIGHT AND TRADE SECRET INDEMNIFICATION

62.1 Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of Contractor's work under this AGREEMENT. County shall inform Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support Contractor's defense and settlement thereof.

62.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, Contractor, at its

sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- a. Procure for County all rights to continued use of the questioned product; or
- b. Replace the questioned product with a non-questioned item; or
- c. Modify the questioned product so that it is free of claims.

62.3 CONTRACTOR shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by Contractor, in a manner for which the questioned product was not designed nor intended.

63.0 PROHIBITION AGAINST INDUCEMENT OR PERSUASION

Notwithstanding the above, CONTRACTOR and COUNTY agree that, during the term of this AGREEMENT and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

64.0 PUBLIC RECORDS ACT

64.1 Any documents submitted by Contractor; all information obtained in connection with COUNTY'S right to audit and inspect Contractor's documents, books, and accounting records pursuant to the [Records and Audits, Section 11.0](#) of this AGREEMENT; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this AGREEMENT, become the exclusive property of COUNTY. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250, et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". COUNTY shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

64.2 In the event COUNTY is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", CONTRACTOR agrees to defend and indemnify COUNTY from all costs and expenses, including reasonable attorney's fees, in action or liability arising under the Public Records Act.

65.0 BUDGET REDUCTION

In the event that the County's Board of Supervisors adopts, in any fiscal year, a COUNTY Budget which provides for reductions in the salaries and benefits paid to the majority of COUNTY employees and imposes similar reductions with respect to COUNTY contracts, COUNTY reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year for services provided by CONTRACTOR under this Contract. COUNTY's notice to CONTRACTOR regarding said reduction in payment obligation shall be provided within thirty (30) calendar Days of the Board's approval of such actions. Notwithstanding such reduction, CONTRACTOR shall continue to provide all of the services set forth in this Contract.

11. Attached to this Amendment Number Two, and incorporated by reference, are the following Exhibits:

Exhibit B-3 LST Budget for Amendment Number Two
Exhibit C-1 Contractor Non-employee Acknowledgement,
Confidentiality, and Copyright Agreement
Exhibit D Auditor-Controller Contract Accounting and Operating
Handbook (most recent version)
Exhibit L Office of Management and Budget Circular A-122
Exhibit M County Administration
Exhibit N Contractor Administration
Exhibit O Contractor's Obligation under HIPAA

EXCEPT AS PROVIDED IN THIS AMENDMENT NUMBER TWO, ALL OTHER TERMS AND CONDITIONS OF AGREEMENT NUMBER 73059, AND AMENDMENT NUMBER ONE THERETO, SHALL REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT. SIGNATURES BELOW INDICATE ACCEPTANCE AND AGREEMENT TO THIS AMENDMENT.

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AMENDMENT NUMBER TWO TO AGREEMENT NUMBER 73059**

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and the seal of such Board hereto affixed and attested by the Executive Officer and Clerk thereof, and CONTRACTOR has caused this Amendment to be subscribed in its behalf by its duly authorized officer(s) on the _____ day of _____, 2005. The persons signing on behalf of CONTRACTOR warrant under penalty of perjury that he or she is authorized to bind CONTRACTOR.

COUNTY OF LOS ANGELES

By _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Los Angeles COUNTY
Board of Supervisors

By _____

CONTRACTOR

By _____

Name David R. Springett

Title President

By Tim Moros

Name TIM MOROS

Title CFO

68-0016439

Tax Identification Number

APPROVED AS TO FORM:

OFFICE OF COUNTY COUSEL
RAYMOND G. FORTNER, JR., COUNTY COUNSEL

BY David Beaudet
David Beaudet, Deputy COUNTY Counsel

EXHIBIT B-3

BUDGET,

October 01, 2005 to June 30, 2006

The Community College Foundation
INDEPENDENT LIVING PROGRAM- LIFE SKILLS TRAINING (LST)
9 Months Budget (October 1, 2005-June 30, 2006)

PERSONNEL COSTS

9 Months Budget					
		% Time	Number FTE		Amount
A. SALARIES & WAGES					
Regional Director	\$ 62,606.25	30%	1.00	\$	18,781.88
Program Manager	\$ 49,612.50	50%	1.00	\$	24,806.25
Program Coordinator	\$ 33,911.25	100%	2.25	\$	76,300.31
Outreach Advisor	\$ 26,106.75	100%	16.00	\$	417,708.00
Administrative Assistant Avg. Salary	\$ 21,000.00	100%	4.50	\$	94,500.00
Peer Counselors	\$ 10,140.00	13.85%	16.00	\$	22,470.24
Total Salaries & Wages					\$ 654,567
B. EMPLOYEE BENEFITS					
Medical/Dental			9.50	\$	60,049.16
Professional Liability Insurance			0.25	\$	1,580.24
Social Security			7.65	\$	50,074.35
State Unemployment			3.85	\$	5,518.36
Workmen's Comp			1.10	\$	7,200.23
Life Insurance			0.20	\$	1,264.19
Total Benefits					\$ 125,687
C. CONSULTANT					
Curriculum/Service				\$	1,125.00
Network Admin				\$	5,625.00
Total Consultants					\$ 6,750
SUB-TOTAL PERSONNEL COSTS					\$ 787,003

NON-PERSONNEL COSTS

D. TRANSPORTATION AND TRAVEL

Mileage	Rate/Mile	\$ 0.30	46800.00	\$	14,040.00
Travel & Conferences				\$	5,625.00
Total Transportation					\$ 19,665

E. FACILITIES COSTS

Space Rental				\$	31,500.00
Telephone	\$ 105.00	12	18.00	\$	22,680.00
Total Facilities					\$ 54,180

The Community College Foundation
INDEPENDENT LIVING PROGRAM- LIFE SKILLS TRAINING (LST)
9 Months Budget (October 1, 2005-June 30, 2006)

F. CONSUMABLES SUPPLIES

Misc. Supplies	\$	11,250.00	
Skills Materials	\$	10,824.00	
Total Consumables		\$	22,074

G. EQUIPMENT

Furniture	\$	1,500.00	
Phone Installation	\$	1,500.00	
Copier Lease & Service Agreement	\$	4,500.00	
Computer	\$	7,500.00	
Postage Meter Lease	\$	2,400.00	
Total Equipment		\$	17,400

H. OTHER

Youth Advisory Committee	\$	300	4.00	\$	1,200.00	
Staff Development				\$	5,625.00	
Incentives				\$	116,850.00	
Total Other					\$	123,675

I. TOTAL SUBCONTRACTS

		Hrs	Number		
Maclaren Childrens Center	\$	112.50	80	1.00	\$ 9,000.00
Community College Youth Training	\$	153.75	30	82.00	\$ 378,225.00
Food	\$	74.25	738 sessions		\$ 54,796.50
Total College Subcontracts					\$ 442,022

SUB-TOTAL NON-PERSONNEL COSTS **\$ 679,016**

GRAND TOTAL **\$ 1,466,019**

Foundation Management @ 10% **\$ 146,602**

BUDGET TOTAL FOR 9-MONTHS (OCTOBER 1, 2005 THROUGH JUNE 30, 2006) **\$ 1,612,621**

EXHIBIT C-1

Contractor's Non-Employee

Acknowledgement, Confidentiality and Copyright Agreement

**CONTRACTOR'S NON-EMPLOYEE ACKNOWLEDGEMENT,
CONFIDENTIALITY,
AND COPYRIGHT ASSIGNMENT AGREEMENT**

Employees are to read and sign this document before starting work. Please send document to: DCFS Contracts Administration, 425 Shatto Place, Room 400, Los Angeles, CA 90020, no later than ten (10) business days after an employee starts work.

CONTRACTOR NAME _____

Contract No: _____

Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this CONTRACTOR Employee Acknowledgement, Confidentiality and Copyright Assignment Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the CONTRACTOR referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles

CONTRACTOR Name: _____

Contract No. _____

Employee Name: _____

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contact.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, to, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, CONTRACTOR proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

CONTRACTOR Name: _____

Contract No. _____

Employee Name: _____

COPYRIGHT ASSIGNMENT AGREEMENT:

I agree that all materials, documents, software programs and documentation, written designs, plans, diagrams, reports, software development tools and aids, diagnostic aids, computer processable media, source codes, object codes, conversion aids, training documentation and aids, and other information and/or tools of all types, developed or acquired by me in whole or in part pursuant to the above referenced contract, and all works based thereon, incorporated therein, or derived therefrom shall be the sole property of the County. In this connection, I hereby assign and transfer to the County in perpetuity for all purposes all my right, title, and interest in and to all such items, including, but not limited to, all unrestricted and exclusive copyrights, patent rights, trade secret rights, and all renewals and extensions thereof. Whenever requested by the County, I agree to promptly execute and deliver to County all papers, instruments, and other documents requested by the County, and to promptly perform all other acts requested by the County to carry out the terms of this agreement.

The County shall have the right to register all copyrights in the name of the County of Los Angeles and shall have the right to assign, license, or otherwise transfer any and all of the County's right, title, and interest, including, but not limited to, copyrights, in and to the items described above.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: _____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR'S ADMINISTRATION

CONTRACTOR Community Colleges Foundation

CONTRACT NO. 73059

CONTRACTOR'S PROJECT MANAGER:

Name: Vincent D'Averso
Title: LST Program Manager
Address: 3530 Wilshire Blvd., Suite 610,
 Los Angeles, CA 90010
Telephone: (213) 427-6910 Ext. 216
Facsimile: (213) 427-2655
E-Mail Address: vdaverso@communitycollege.org

CONTRACTOR'S AUTHORIZED OFFICIAL(S):

Name: David R. Springet
Title: President
Address: 1901 Royal Oaks Drive
 Sacramento, CA 95815
Telephone: (916) 418-5100
Facsimile: (916) 922-2173
E-Mail Address: dspringet@communitycollege.org

NOTICES TO CONTRACTOR SHALL BE SENT TO THE FOLLOWING ADDRESS:

Name: Delia Johnson
Title: Senior Vice President
Address: 3530 Wilshire Blvd., Suite 610
 Los Angeles, CA 90010
Telephone: (213) 427-6910 Ext. 204
Facsimile: (213) 427-2655
E-Mail Address: djohnson@communitycollege.org

CONTRACTOR'S ADMINISTRATION

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 Los Angeles, CA 90010
Telephone: (213) 427-6910 Ext. 204
Facsimile: (213) 427-2655
E-Mail Address: djohnson@communitycollege.org

EXHIBIT M

COUNTY'S ADMINISTRATION

COUNTY'S ADMINISTRATIONCONTRACT NO. **73059**

COUNTY PROGRAM DIRECTOR (CPD):

Name: **Rhelda Shabazz**

Title: **Emancipation Division Chief**

Address: **3530 Wilshire Blvd. Suite 400, Los Angeles, CA 90010**

Telephone: **(213) 351-0100**

Facsimile: **(213) 637-0036**

E-Mail Address: **shabar@dcfs.co.la.ca.us**

COUNTY PROGRAM MANAGER (CPM):

Name: **Lili Ahmadi**

Title: **Children's Services Worker II**

Address: **3530 Wilshire Blvd. Suite 400, Los Angeles, CA 90010**

Telephone: **(213) 351-0132**

Facsimile: **(213) 637-0035**

E-Mail Address: **ahmadl@dcfs.co.la.ca.us**

COUNTY PROGRAM MONITOR:

Name: **Phil Stripling**

Title: **Children's Services Administrator I**

Address: **3530 Wilshire Blvd. Suite 400, Los Angeles, CA 90010**

Telephone: **(213) 351-0131**

Facsimile: **(213) 637-0036**

E-Mail Address: **strip@dcfs.co.la.ca.us**

Exhibit D

Auditor-Controller Contract Accounting and Administration Handbook

AUDITOR-CONTROLLER

CONTRACT ACCOUNTING AND OPERATING HANDBOOK

The purpose of this Handbook is to establish required accounting, financial reporting, and internal control standards for entities (contractor), which contract with the Los Angeles County.

The accounting, financial reporting and internal control standards described in this Handbook are fundamental. These standards are not intended to be all-inclusive or replace acceptable existing procedures or preclude the use of more sophisticated methods. Instead, this Handbook represents the minimum required procedures and controls that must be incorporated into a CONTRACTOR'S accounting and financial reporting systems. The internal control standards described are those that apply to organizations with adequate staffing. Organizations with a smaller staff must attempt to comply with the intent of the standards and implement internal control systems appropriate to the size of their staff/organization. The CONTRACTOR'S subcontractors must also follow these standards unless otherwise stated in the Agreement.

A. ACCOUNTING AND FINANCIAL REPORTING

1.0 Basis of Accounting

Contractors may elect to use either the cash basis or accrual basis method of accounting for recording financial transactions. Monthly invoices must be prepared on the same basis that is used for recording financial transactions.

- 1.1 The County recommends the use of the accrual basis for recording financial transactions.

Accrual Basis

Under the accrual basis, revenues are recorded in the accounting period in which they are earned (rather than when cash is received). Expenditures are recorded in the accounting period in which they are incurred (rather than when cash is disbursed).

Accruals

Accruals shall be recorded observing the following:

Only accruals where cash will be disbursed within six months of the accrual date should be recorded.

- ◆ Recorded accruals must be reversed in the subsequent accounting period.

1.2 If an agent elects to use the cash basis for recording financial transactions during the year:

- ◆ Necessary adjustments must be made to record the accruals at the beginning and the end of the contract.
- ◆ All computations, supporting records, and explanatory notes used in converting from cash basis to the accrual basis must be retained.

1.3 **Prepaid Expenses**

Prepaid expenses (e.g., insurance, service agreements, lease agreements, etc.) should only be expensed during a given Agreement year to the extent goods and services are received during that Agreement year.

2.0 **ACCOUNTING SYSTEM**

Each agent shall maintain a double entry accounting system (utilizing debits and credits) with a General Journal, a Cash Receipts Journal, a General Ledger, and a Cash Disbursements Journal. The County recommends that a Payroll Register also be maintained. Postings to the General Ledger and Journals should be made on a monthly basis.

2.1 **General Journal**

A General Journal shall be maintained for recording adjusting entries, reversing entries, closing entries, and other financial transactions not normally recorded in the Cash Receipts Journal or Cash Disbursements Journal. Entries in the General Journal must be adequately documented, and entered in chronological order with sufficient explanatory notations.

Example:	DR	CR
Rent Expense	100	
Rent Payable	100	

To record accrued rent to March 31, 20XX

2.2 **Cash Receipts Journal**

A Cash Receipts Journal shall be maintained for recording all cash receipts (e.g., County warrants, contributions, interest income, etc.). The Cash Receipts Journal shall contain (minimum requirements) the following column headings:

- date
- Receipt number
- Cash debit columns
- Income credit columns for the following accounts:
 - County payments (one per funding source)
 - Contributions
 - Other Income (Grants, sales of supplies/services, rental income, miscellaneous revenue, fees, etc.)
- Description (Entries in the description column must specify the source of cash receipts.)

2.3 **Cash Disbursements Journal**

A Cash Disbursements Journal shall be maintained for recording all cash disbursements (e.g., rent, utilities, maintenance, etc.)

The Cash Disbursements Journal shall contain (minimum requirements) the following column headings:

- Date
- Check number
- Cash (credit) column
- Expense account name
- Description

Note (1) Separate expense columns are recommended for salary expense and other recurring expense classifications for each program.

Note (2) Entries in the description column must specify the nature of the expense and the corresponding expense classification if not included in the column heading.

Note (3) Checks should not be written to employees (other than payroll, mileage, travel, and petty cash custodian checks.)

A Check Register may be substituted for the Cash Disbursements Journal, but this is not recommended. If used, the Check Register must contain the same expense classifications and description information required when a Cash Disbursements Journal is used.

Disbursements without supporting documentation will be disallowed on audit. Cancelled checks and credit card statements (VISA, AMEX, department store, etc.) will not constitute acceptable support. (See Section A.3.2 and B.2.4) for additional guidance.

2.4 General Ledger

A General Ledger shall be maintained with accounts for all assets, liabilities, fund balances, expenditures, and revenues. Separate accounts must be maintained for each County program's expenses and revenues.

2.5 Chart of Accounts

A Chart of Accounts shall be maintained:

- The County recommends that agents use the expense account titles on the monthly invoice submitted to the County.
- If the contractor uses account titles which differ from the account titles on the monthly invoice, each account title must clearly identify the nature of the transaction(s) posted to the account.
- Contractor must consistently post transactions that are of a similar nature to the same account. For example, all expenses for travel shall be posted to the account titled "travel" or "travel expense" and not intermixed with other expense accounts.

2.6 Payroll Register

The County recommends that a Payroll Register be maintained for recording all payroll transactions. The Register should contain the following:

- Name
- Position
- Social Security Number
- Salary (hourly wage)
- Payment Record including:
 - Accrual period
 - Gross pay
 - Itemized payroll deductions
 - Net pay amount
 - Check number

If a Payroll Register is not used, the information in (2.6) must be recorded in the cash disbursements journal.

CONTRACTOR will ensure compliance with all applicable federal and State requirements for withholding payroll taxes (FIT, FICA, FUTA, SIT, SIU, etc.), reporting, filing (941, DE-7, W-2, W-4 and 1099s), and all applicable tax deposits.

Contractor will ensure compliance with Internal Revenue Service guidelines in properly classifying employees and independent contractors.

2.7 Contractor Invoices

Each agent shall present an invoice to the County each calendar month to report the financial activity of the month. In addition, if advanced funding is involved, an invoice shall be presented at the beginning of the contract period. Invoices shall be prepared in the manner prescribed by the County's contracting department.

3.0 Records

Adequate care shall be exercised to safeguard the accounting records and supporting documentation. Any destruction or theft of the CONTRACTOR'S accounting records or supporting documentation shall be immediately reported to the County.

3.1 Retention

All accounting records (e.g., journals, ledgers, etc.), financial records and supporting documentation (e.g., invoices, receipts, checks, etc.) must be retained for a minimum of five years after the termination of the CONTRACTOR'S agreement.

3.2 Supporting Documentation

All revenues and expenditures shall be supported by original vouchers, invoices, receipts, or other documentation and shall be maintained in the manner described herein.

Invoices, receipts and canceled checks will be required to support an outlay of funds. Unsupported disbursements will be disallowed on audit. CONTRACTOR will be required to repay COUNTY for all disallowed costs. Photocopied invoices or receipts, any internally generated documents (i.e., vouchers, request for check forms, requisitions, canceled checks, etc.), and account statements do not constitute supporting documentation for purchases.

Supporting documentation is required for various types of expenditures as follows:

Payroll – time and attendance records signed by the employee and approved in writing by the supervisor, time distribution records by program accounting for total work time on a daily basis for all employees, records showing actual expenditures for Social Security and unemployment insurance, State and federal quarterly tax returns, federal W-2 forms, and federal W-4 forms.

Consultant Services – contracts, time and attendance records, billing rates, travel vouchers detailing purpose, time and location of travel, purchase orders and invoices for supplies and invoices or other supporting documentation detailing the nature of services provided.

Travel – travel policies of the CONTRACTOR (written); travel expense vouchers showing location, date and time of travel, purpose of trip, and rates claimed; vehicle mileage logs showing dates, destination and headquarters, purpose of trip, and mileage. Travel related to conferences should include conference literature detailing purpose of the conference. Reimbursement rates for mileage shall not exceed applicable federal guidelines.

Reimbursement for actual receipts or per diem rates for meal expenses shall not exceed the maximum County's reimbursement rate for employees.

Receipts shall be required for lodging for approved out-of-town travel dates. Maximum reimbursable lodging amount is the maximum County's reimbursement rate for employees for a single occupancy hotel accommodation.

Operating Expenses (e.g., utilities, office supplies, equipment rentals, etc.) – bona fide contracts or lease agreements, if any, and invoices and receipts detailing the cost and items purchased will constitute the primary supporting documentation. For internal control purposes, the CONTRACTOR may maintain vouchers, purchase orders, requisitions, stock received reports, bills of lading, etc.

Outside Meals - receipts and/or invoices for all meals, a record of the nature and purpose of each meal, and identification of the participants.

3.3 Payments to Affiliated Organizations or Persons

CONTRACTOR shall not make payments to affiliated organizations or persons for program expenses (e.g., salaries, services, rent, etc.) that exceed the lower of actual cost or the reasonable cost for such expenses. A reasonable cost shall be the price that would be paid by one party to another when the parties are dealing at arm's length (fair market price).

Organizations or persons (related parties) related to the CONTRACTOR or its members by blood, marriage, or through legal organization (corporation, partnership, association, etc.) will be considered affiliated for purposes of this Agreement. County shall be solely responsible for the determination of affiliation unless otherwise allowed and approved by the State or federal agencies.

Payments to affiliated organizations or persons will be disallowed on audit to the extent the payments exceed the lower of actual costs or the reasonable costs for such items.

3.4 Filing

All relevant supporting documentation for reported program expenditures and revenues shall be filed in a systematic and

consistent manner. It is recommended that supporting documents be filed as follows:

- Checks – numerically
- Invoices – vendor name and date
- Vouchers – numerically
- Receipts – chronologically
- Timecards – pay period and alphabetically

3.5 Referencing

Accounting transactions posted to the CONTRACTOR'S books shall be appropriately cross-referenced to supporting documentation. It is recommended that expenditure transactions on the CONTRACTOR'S books be cross-referenced to the supporting documentation as follows:

- Invoices – vendor name and date
- Checks – number
- Vouchers – number
- Revenue – receipt number

Supporting documentation for non-payroll expenditures (i.e., operating expenditures) should be cross-referenced to the corresponding check issued for payment. If multiple invoices are paid with one check, all related invoices should be bound together and cross-referenced to the check issued for payment.

4.0 Donations and Other Sources of Revenue

Restricted donations and other sources of revenue earmarked specifically for the Contract must be utilized on allowable contract expenditures.

5.0 Audits

The agent will make available for inspection and audit to County representatives, upon request, during working hours, during the duration of the contract and for a period of five years thereafter, all of its books and records relating to the operation by it of each project or business activity which is funded in whole or part with governmental monies, whether or not such monies are received through the County. All such books and records shall be maintained at a location within Los Angeles County.

6.0 Single Audit Requirements

OMB Circular 133, "Audits of State, Local Governments and Non Profit Organizations" requires that certain organizations receiving federal awards, including pass-through awards, have annual audits. Details are contained in the respective Circular.

A copy of any Single Audit reports must be filed with the County within the timeframes prescribed by the applicable Circular.

7.0 Subcontracts

No CONTRACTOR shall subcontract services without the prior written consent of the County.

CONTRACTOR shall provide County with copies of all executed subcontracts and shall be responsible for the performance of their subcontractors.

B. INTERNAL CONTROLS

Internal controls safeguard the CONTRACTOR'S assets from misappropriations, misstatements or misuse. Each CONTRACTOR shall prepare necessary written procedures establishing internal controls for its personnel. The CONTRACTOR shall instruct all of its personnel in these procedures and continuously monitor operations to ensure compliance with them.

1.0 Cash Receipts

1.1. Separate Fund or Cost Center

All contract revenues shall be maintained in a bank account. If revenues from other sources are maintained in the same bank account, revenues for each source must be clearly identifiable on the accounting records through the use of cost centers or separate accounts.

1.2 Deposits

All checks shall be restrictively endorsed upon receipt.

Cash received shall be recorded on pre-numbered receipts. Checks shall be recorded on a check remittance log at the time of receipt.

Cash receipts (i.e., cash and checks) totaling \$500 or more shall be deposited within one day of receipt. Collections of less than \$500 may be held and secured and deposited weekly or when the total reaches \$500, whichever occurs first.

Duplicate deposit slips shall be retained and filed chronologically, and shall contain sufficient reference information for comparison to the Cash Receipts Journal (and individual receipts, if applicable).

1.3 Separation of Duties

An employee who does not handle cash shall record all cash receipts.

1.4 Bank Reconciliation's

Bank statements should be received and reconciled by someone with no cash handling, check writing, or bookkeeping functions.

Monthly bank reconciliation's should be prepared within 30 days of the bank statement date and reviewed by management for appropriateness and accuracy. The bank reconciliation's should be signed by both the preparer and the reviewer. Reconciling items should be resolved timely.

2.0 Disbursements

2.1 General

All disbursements for expenditures, other than petty cash, shall be made by check.

Blank check stock shall be secured and accounted for to preclude unauthorized use.

Checks shall not be payable to "cash" or signed in advance. Checks written to employees for reimbursement of out-of-pocket costs must be supported by receipts and invoices.

A second signature shall be required on all checks, unless otherwise specified in contract.

If the bookkeeper signs checks, a second signature shall be required on the checks, regardless of limits specified in contract.

Voided checks shall be marked void with the signature block cut out. The voided checks must be filed with the cancelled checks.

Unclaimed or undelivered checks shall be cancelled periodically.

All supporting documentation shall be referenced to check numbers and marked "paid" or otherwise canceled to prevent reuse or duplicate payments.

Disbursements without adequate supporting documentation will be disallowed on audit.

2.2. Approvals and Separation of Duties

Employees responsible for approving cash disbursements and/or signing of checks shall examine all supporting documentation at the time the checks are approved and signed.

All disbursements, excluding petty cash purchases, shall be approved by persons independent of check preparation and bookkeeping activities.

2.3 Petty Cash

A petty cash fund up to \$500 may be maintained for payment of small incidental expenses incurred by the CONTRACTOR (e.g., postage due, small purchases of office supply items, etc.). The CONTRACTOR must obtain written approval from the County to establish a petty cash fund greater than \$500.

Petty cash disbursements must be supported by invoices, store receipts or other external authenticating documents indicating the item purchased and the employee making the purchase. In the event that outside (external) supporting documentation is not obtainable for minor disbursements (under \$10), such as parking meters, etc., then documentation shall be considered as proper supporting documentation on a basis of reasonableness. Petty cash disbursements should not be used as a substitute for normal

purchasing and disbursement practices i.e., payment by check).

The petty cash fund shall be maintained on an imprest basis. A check should be drawn to set up the fund and to make periodic reimbursements. Receipts, vouchers, etc., supporting each fund replenishment must be bound together, filed chronologically and cross referenced to the reimbursement check.

2.4 Credit Cards

The use of credit cards, both CONTRACTOR- issued credit cards and an employee's personal credit cards used on behalf of the CONTRACTOR, should be limited to purchases where normal purchasing and disbursement practices are not suitable.

Credit cards issued in the CONTRACTOR'S name must be adequately protected and usage monitored to ensure that only authorized and necessary items are purchased.

Credit card purchases should be pre-approved by CONTRACTOR management to ensure that they are reasonable and necessary.

All credit card disbursements must be supported by original invoices, store receipts or other external authenticating documents indicating the item purchased and the employee making the purchase. Credit card statements are not sufficient support for credit card purchases.

3.0 Timekeeping

3.1 Timecards

Timecards or time reports must be prepared for each pay period. Timecards or time reports must indicate total hours worked each day by program and total hours charged to each of the CONTRACTOR'S programs. Time estimates do not qualify as support for payroll expenditures and will be disallowed on audit.

All timecards and time reports must be signed in ink by the employee and the employee's supervisor to certify the accuracy of the reported time.

3.2 **Personnel and Payroll Records**

Adequate security must be maintained over personnel and payroll records with access restricted to authorized individuals.

Personnel and payroll records should include (but not be limited to) the following:

- Employee's authorized salary rate
- Employee information sheet
- Resume and/or application
- Proof of qualifications for the position, if required (e.g., notarized copy or original diploma, license, etc.)
- Performance evaluations
- Criminal record clearance
- Citizenship Status
- Benefit balances (e.g., sick time, vacation, etc.)

Benefit Balances

Employee benefit balances (e.g., sick time, vacation, personal time, etc.) should be maintained on at least a monthly basis. Benefit balances should be increased when benefit hours are earned and decreased as hours are used.

Limitations on Positions and Salaries

The CONTRACTOR shall pay no salaries higher than those authorized in the contract, or the attachments thereto,

including this Auditor-Controller Contract Accounting and Administrative Handbook (Exhibit C), except as proscribed by state or federal law.

For purposes of establishing a reasonable level of compensation for CONTRACTORS personnel, County may refer to the applicable Child Welfare League of America (CWLA) Salary Study.

If an employee serves in the same or dual capacities under more than one Agreement or program, the employee may not charge more than 100% of their time to the contracts or programs taken as a whole.

Salaried employees who work less than 40 hours per week shall be paid a salary that corresponds with the employee's work schedule.

The salary expense of salaried employees working on more than one Agreement or program shall be allocated to each program based on the ratio of the number of hours worked on each program during the pay period to the total number hours worked during the pay period.

The CONTRACTOR will make no retroactive salary adjustment for any employee without written approval from the County.

Separation of Duties

Payroll checks should be distributed by persons not involved in timekeeping, preparing of payroll, or reconciling bank accounts.

All employee hires and terminations, or pay rate changes, shall be approved by authorized persons independent of payroll functions.

All employee hires and terminations, or pay rate changes shall be approved in writing by authorized persons independent of payroll functions.

4.0 Fixed Assets

A fixed asset is defined as an article of nonexpendable tangible personal property having a useful life of more than two years. The

County recommends all fixed assets with an acquisition cost of \$1,000 or more per unit be capitalized.

Acquisition cost means the net invoice unit price of an item, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired.

4.1 Acquisition

Fixed asset purchases shall be approved by the Agency's Board of Directors or their authorized representative.

4.2 Identification and Inventory

All fixed assets purchased with Contract funds are to be used solely for the benefit of the Contract and should be appropriately tagged.

Each CONTRACTOR shall maintain a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost and sources of funding.

An inventory of all fixed assets should be conducted at least once each year to ensure that all fixed assets are accounted for and maintained in proper working order.

4.3 Security

Physical security should be adequately maintained over fixed assets to prevent misuse and theft of County property.

4.4 Property Management

The CONTRACTOR shall assume responsibility and accountability for the maintenance of all non-expandable property purchased, leased, or rented with Contract funds.

The CONTRACTOR shall report promptly, in writing, to the County all cases of theft, loss, damage, or destruction of fixed assets. The report shall contain at a minimum, item identification, recorded value, facts relating to loss, and a copy of the law enforcement report.

CONTRACTOR shall dispose of or return to the County all fixed assets, in accordance with their Contract.

5.0 Bonding

All officers, employees, and agents who handle cash or have access to the agent's funds shall be bonded.

C. COST PRINCIPLES

1.0 Policy

It is the intent of the COUNTY to provide funds for the purpose of CONTRACTOR providing services required by the Agreement. CONTRACTOR shall use these funds on actual expenses in an economical and efficient manner and ensure they are reasonable,

proper and necessary costs of providing services and are allowable in accordance with the applicable OMB Circular.

1.1. Limitations on Expenditures of Program Funds

CONTRACTOR shall comply with the Agreement and the applicable OMB Circular. The Circular defines direct and indirect costs, discusses allowable cost allocation procedures and the development of Indirect Cost Rates, and specifically addresses the allowability of a variety of different costs.

If a CONTRACTOR is unsure of the allowability of any particular type of cost or individual cost, the CONTRACTOR should request advance written approval from the County prior to incurring the cost.

1.2 Expenses Incurred Outside the Agreement Period

Expenses charged against program funds may not be incurred prior to the effective date of the Agreement or subsequent to the Agreement termination date.

1.3 Budget Limitation

Expenses may not exceed the maximum limits shown on the contract budget.

1.4 Unspent Funds

The County will determine the disposition of unspent program funds upon termination of the contract.

1.5 Necessary, Proper and Reasonable

Only those expenditures that are necessary, proper and reasonable to carry out the purposes and activities of the Program are allowable.

2.0 Allocation of Cost Pools

For contractors that provide services in addition to the services required under contract, the CONTRACTOR shall allocate expenditures that benefit programs or funding sources on an equitable basis.

In accordance with the applicable OMB Circular, agencies shall define their allocable costs as either direct or indirect costs (as defined below) and allocate each cost using the basis most appropriate and feasible.

The CONTRACTOR shall maintain documentation related to the allocation of expenses (e.g., timecards, time summaries, square footage measurements, number of employees, etc.).

Under no circumstances shall allocated costs be charged to an extent greater than 100% of actual costs or the same cost be charged both directly and indirectly.

2.1 Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective (i.e., a particular program, service, or other direct activity of an organization). Examples of direct costs include salaries and benefits of employees working on the program, supplies and other items purchased specifically for the program, costs related to space used by employees working on the program, etc.

For all employees, other than general and administrative, the hours spent on each program (activity) should be recorded on employees' timecards and the payroll expense should be treated as direct charges and distributed on the basis of recorded hours spent on each program.

Joint costs (i.e., costs that benefit more than one program or activity), which can be distributed in reasonable proportion to the benefits received, may also be direct costs.

Examples of bases for allocating joint costs as direct costs:

- Number of direct hours spent on each program
- Number of employees in each program
- Square footage occupied by each program
- Other equitable methods of allocation

2.2 Indirect Costs

Indirect costs are those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Examples of indirect costs include salaries, employee benefits, supplies, and other costs related to general administration of the

organization, depreciation and use allowances, and the salaries and expenses of executive officers, personnel administration, and accounting.

Examples of bases for allocating indirect costs:

- Total direct salaries and wages
- Total direct costs (excluding capital expenditures and other distorting items such as subcontractor payments)

2.3 Acceptable Indirect Cost Allocation Methods

OMB Circulars describe the following allowable methods for allocating indirect costs:

- Simplified allocation method
- Direct allocation method
- Multiple allocation base method
- Negotiated indirect cost rate

Simplified Allocation Method

This method can be used when an organization's major functions benefit from its indirect costs to approximately the same degree. Using this method, all allocable costs are considered indirect costs and an indirect cost rate is determined by dividing total allowable indirect costs by an equitable distribution base.

Example

Agency-wide indirect costs	\$250,000
Less: Capital expenditures	<u>10,000</u>
Allocable indirect costs	240,000
Total agency-wide indirect salaries	\$1,000,000
Indirect cost rate (\$240,000/\$1,000,000)	24%
Program direct salaries	\$100,000
Program indirect costs (24% x \$100,000)	<u>\$24,000</u>

Direct Allocation Method

This method can also be used when an organization's major functions benefit from its indirect costs to approximately the same degree. Using this method, all costs except general administration and general expenses are treated as direct

costs. Joint costs for depreciation, rental, facilities maintenance, telephone, and other similar expenses are prorated individually to each direct activity on a basis appropriate for that type of cost.

The remaining costs, which consist exclusively of general administration and general expenses, are then allocated using the simplified allocation method previously discussed.

Multiple Base Allocation Method

This method can be used when an organization's major functions benefit from its indirect costs in varying degrees. Using this method, indirect costs are grouped to permit allocation of each grouping on the basis of the benefits provided to the major functions. Each grouping is then allocated individually using the basis most appropriate for the grouping being allocated.

2.4 Cost Allocation Plan

If the CONTRACTOR has a negotiated indirect cost rate approved by a federal agency, it shall submit a copy of the approval letter when requested by County.

If the CONTRACTOR does not have a negotiated indirect cost rate, CONTRACTOR shall submit an annual Agency-wide Cost Allocation Plan when requested by County. The Cost Allocation Plan shall be prepared in accordance with County instructions and the applicable OMB Circular and include the following information:

1. CONTRACTOR general accounting policies:
 - Basis of accounting (cash or accrual)
 - Fiscal year
 - Method for allocating indirect costs (simplified, direct, multiple, negotiated rate)
 - Indirect cost rate allocation base
2. Identify the CONTRACTOR'S direct and indirect costs (by category) and describe the cost allocation methodology for each category.
3. Signature of CONTRACTOR management certifying the accuracy of the plan.

Negotiated Indirect Cost Rates

Agencies have the option of negotiating an indirect cost rate or rates for use on all their Federal programs. The CONTRACTOR must submit a cost allocation plan to the federal agency providing the most funds to the organization. The approved indirect cost rate is then applied to the total approved direct cost base.

If CONTRACTOR has a federally approved indirect cost rate, CONTRACTOR shall submit a copy of the approval letter to COUNTY upon request.

D. UNALLOWABLE COSTS

OMB Circulars address the allowability of a variety of different costs. For all costs, there are certain restrictions and limitations; however, the following costs are not allowable under any circumstances:

- Bad debts
- Contingency provisions
- Contributions and donations
- Fines and penalties
- Fundraising activities
- Interest expense (unless expressly allowed by Federal guidelines)
- Losses on other awards

E. OVERPAYMENTS

If upon audit, or at any time during the Agreement year, it is determined that invoices submitted to the County and used as a basis for payments to the CONTRACTOR were inaccurate, County shall determine the total overpayment and require the CONTRACTOR to repay County. The County may withhold payments from CONTRACTOR'S future payments for any amounts not returned to the COUNTY or credited to the Contract unless otherwise prohibited by State or federal regulations.

F. MISCELLANEOUS REQUIREMENTS

1.0 Insurance

CONTRACTOR is responsible for securing and maintaining insurance coverage as required by the Agreement. CONTRACTOR must notify County when insurance is revoked, reduced to a level or coverage less than required, or otherwise made ineffective.

Insurance shall include an endorsement naming the COUNTY as an additional insured.

2.0 Activity

No funds, materials, property, or services contributed to the COUNTY or the CONTRACTOR under this Agreement shall be used in the performance of any political activity, the election of any candidate, or the defeat of any candidate for public office.

EXHIBIT O

CONTRACTOR'S OBLIGATION UNDER HIPAA

CONTRACTOR'S OBLIGATIONS UNDER HIPAA

Under this Agreement, Contractor provides services to County and Contractor receives, has access to, and/or creates Protected Health Information, as defined below, in order to provide those services. County is subject to the Administrative Simplification requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated under HIPAA, including the "Standards for Privacy of Individually Identifiable Health Information" which are located in Title 45 of the Code of Federal Regulations, Parts 160 and 164 ("Privacy Regulations"). The Privacy Regulations mandate certain protections for the privacy and security of Protected Health Information. The Privacy Regulations also require County to enter into an agreement with Contractor in order to obtain satisfactory assurance from Contractor that Contractor will appropriately safeguard the Protected Health Information. Disclosure to or use of Protected Health Information by Contractor is prohibited if such an agreement is not in place. Therefore, the parties agree to the terms of this Exhibit AA.

1.0 DEFINITIONS

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Contractor's internal operations, or to other than its employees.
- 1.2 "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.3 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Contractor from or on behalf of County. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Contractor from or on behalf of County, or is created by Contractor, or is made accessible to Contractor by County.
- 1.4 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand;

Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require

- 1.5 such information if payment is sought under a government program providing benefits.
- 1.6 "Services" has the same meaning as in this Agreement.
- 1.7 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Contractor's internal operations.
- 1.8 Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Regulations.

2.0 OBLIGATIONS OF CONTRACTOR

2.1 Permitted Uses and Disclosures of Protected Health Information. Contractor:

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sub-sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Exhibit AA;
- (b) shall Disclose Protected Health Information to County upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
 - (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Contractor shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Contractor warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Agreement. Contractor agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

2.3 Reporting Non-Permitted Use or Disclosure. Contractor shall report to County each Use or Disclosure that is made by Contractor, its employees, representatives, agents or subcontractors, but is not

specifically permitted by this Agreement. The initial report shall be made by telephone call to the appropriate Department, within forty-eight (48) hours from the time the Contractor first becomes aware of the non-permitted Use or Disclosure, as follows:

Chief Information Office Privacy Officer
213-974-2166

The initial telephone report shall be followed by a full written report no later than ten (10) business days from the date the Contractor becomes aware of the non-permitted Use or Disclosure, and shall be sent to County's Chief Information Privacy Officer at:

Chief Information Privacy Officer
Kenneth Hahn Hall of Administration
500 West Temple Street
Suite 493
Los Angeles, CA 90012

- 2.4 Mitigation of Harmful Effect. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a Use or Disclosure of Protected Health Information by Contractor in violation of the requirements of this Agreement.
- 2.5. Availability of Internal Practices, Books and Records to Government Agencies. Contractor agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining County's compliance with the Privacy Regulations. Contractor shall immediately notify County of any requests made by the Secretary and provide County with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by County available to the Individual(s) identified by County as being entitled to access and copy that Protected Health Information. Contractor shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from County. Contractor shall provide copies of that Protected Health Information within five (5) business days after receipt of request from County.
- 2.7 Amendment of Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by County. Contractor shall make such amendment within ten (10) business days after receipt of request from County in order for County to meet the requirements under 45 C.F.R. § 164.526.

- 2.8 Accounting of Disclosures. Upon County's request, Contractor shall provide to County an accounting of each Disclosure of Protected Health Information made by Contractor or its employees, agents,

representatives or subcontractors. However, Contractor is not required to provide an accounting of Disclosures that are necessary to perform the Services if such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Contractor under this Sub-section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Sub-section 2.8, Contractor shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Contractor shall provide to County, within ten (10) business days after receipt of request from County, information collected in accordance with this Sub-section 2.8 to permit County to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3.0 OBLIGATION OF COUNTY

- 3.1 Obligation of County. County shall notify Contractor of any current or future restrictions or limitations on the use of Protected Health Information that would affect Contractor's performance of the Services, and Contractor shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. Contractor's obligations under Sub-sections 2.1 (as modified by Sub-section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon County's knowledge of a material breach by Contractor, County shall either:
- (a) Provide an opportunity for Contractor to cure the breach or end the violation, and terminate this Agreement if Contractor does not cure the breach or end the violation within the time specified by County; or
 - (b) Immediately terminate this Agreement if Contractor has breached a material term of this Agreement and cure is not possible; or
 - (c) If neither termination or cure are feasible, County shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Contractor shall return or destroy all Protected Health Information received from County, or created or received by Contractor on behalf of County. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the Protected Health Information.
- (b) In the event that Contractor determines that returning or destroying the Protected Health Information is infeasible, Contractor shall provide to County notification of the conditions that make it infeasible. If return or destruction is infeasible, Contractor shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such Protected Health Information.

5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Contractor shall require each of its agents and subcontractors receiving Protected Health Information from Contractor, or creating Protected Health Information for Contractor, on behalf of County, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Exhibit AA.
- 5.3 Relationship to Agreement Provisions. In the event that a provision of this Exhibit AA is contrary to any other provision of this Agreement, the provision of this Exhibit AA shall control.
- 5.4 Regulatory References. A reference in this Agreement to a section in the Privacy Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits County to comply with the Privacy Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for County to comply with the requirements of the Privacy Regulations.

**AMENDMENT NUMBER THREE
TO AGREEMENT NUMBER 74076
BY AND BETWEEN
THE
COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AND
COMMUNITY COLLEGE FOUNDATION (CCF)
FOR
EARLY START TO EMANCIPATION PROGRAM (ESTEP) SERVICES**

OCTOBER 2005

**AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 74076
WITH COMMUNITY COLLEGE FOUNDATION (CCF)**

THE DOCUMENT ENTITLED "AGREEMENT FOR EARLY START TO EMANCIPATION PROGRAM (ESTEP) SERVICES" WITH COMMUNITY COLLEGE FOUNDATION (CCF), ADOPTED BY THE BOARD OF SUPERVISORS ON JULY 9, 2002, AND AMENDED ON JUNE 17, 2003 TO EXTEND THE SERVICES TO JUNE 30, 2005, AND FURTHER AMENDED ON JUN 21, 2005 TO EXTEND THE SERVICES TO SEPTEMBER 30, 2005, AND IDENTIFIED AS AGREEMENT NUMBER 74076, IS HEREINAFTER REFERRED TO AS "AGREEMENT."

Effective October 1, 2005, the AGREEMENT is revised as follows:

WHEREAS, the parties have previously entered into an AGREEMENT for the provision of ESTEP Services;

WHEREAS, the parties agree to extend the term of the AGREEMENT to allow the COUNTY time to complete a new solicitation combining ESTEP and Life Skills Training (LST) Services;

NOW THEREFORE, in consideration of the foregoing and mutual consent herein, the AGREEMENT is modified as follows:

1. Section 1.0, **APPLICABLE DOCUMENTS**, Subsection 1.2 is amended to read as follows:

1.2 Exhibits: A, A-1, B, B-1, B-2, B-3, C, D, E, E1, F, G, H, I, J, K, K1, L, M, N, O, P, Q, and R, set forth below, are attached to and incorporated by reference into this AGREEMENT.

2. Section 1.0, **APPLICABLE DOCUMENTS**, Subsection 1.3 is deleted in its entirety and replaced as follows:

1.3 In the event of any conflict in the definition or interpretation of any word, responsibility, service, schedule, or contents of a deliverable product between this AGREEMENT and Exhibits, or among Exhibits, said conflict or inconsistency shall be resolved by giving precedence first to the AGREEMENT, and then to the Exhibits according to the following priority:

Exhibit A	Statement of Work
	Attachment 1 Educational Assessment Form
	Attachment 2 Sample Monthly Report
	Attachment 3 ESTEP Referral Forms
	(DCFS: 3A/Probation:3B)

	Attachment 4	Emancipation Preparation Contract (DCFS Form 5205)
	Attachment 5	Case Activity Log (DCFS Form 1950)
	Attachment 6	ESTEP Practicum Curriculum
	Attachment 7	Community College Locations
Exhibit A-1	Performance Requirement Summary	
Exhibit B	Budget	
Exhibit B-1	Budget, July 2003-June 2005	
Exhibit B-2	Supplemental Budget, July 1, 2005 to September 30, 2005	
Exhibit B-3	Supplemental Budget, October 1, 2005 to March 31, 2006	
Exhibit C	CONTRACTOR'S Equal Employment Opportunity (EEO)	
Exhibit D	Community Business Enterprise Form (CBE)	
Exhibit E	Employment Acknowledgement and Confidentiality Agreement	
Exhibit E-1	Non-CONTRACTOR Employee Acknowledgement and Confidentiality Agreement	
Exhibit F	Auditor-Controller Contract Accounting and Administration Handbook	
Exhibit G	Internal Revenue Services Notice 1015	
Exhibit H	Community College Districts	
Exhibit I	Sample Community College Subcontract	
Exhibit J	Certification of Independent Price Determination	
Exhibit K	COUNTY Of Los Angeles CONTRACTOR Employee Jury Service Program	
Exhibit K-1	CONTRACTOR Employee Jury Service Application for Exception and Certification Form	
Exhibit L	Office of Management and Budget Circular A-110 Office of Management and Budget Circular A-122 Office of Management and Budget Circular A-133	
Exhibit M	Child Support Compliance Program	
Exhibit N	Quality Assurance Plan	
Exhibit O	Safely Surrendered Baby Law	
Exhibit P	COUNTY's Administration	
Exhibit Q	CONTRACTOR'S Administration	
Exhibit R	CONTRACTOR'S OBLIGATION UNDER THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)	

3. Section 3.0, **TERM AND TERMINATION**, Subsection 3.4 is added as follows:

- 3.4 The term of this AGREEMENT shall **continue from October 1, 2005 through June 30, 2006**, unless terminated earlier as provided herein.
4. Section 4.0, **CONTRACT SUM**, Subsection 4.1 is amended as follows:
- 4.1 COUNTY and CONTRACTOR agree that this is a firm-fixed price contract. During the term of this AGREEMENT, COUNTY shall reimburse CONTRACTOR for the costs of performing the services set forth in Exhibit A, Statement of Work, in accordance with Section 5.0 Payment and Invoices, provided that the total amount payable under this AGREEMENT is **\$9,550,260 Maximum Contract Sum**.
5. Section 4.0, **CONTRACT SUM**, Subsection 4.3 is amended as follows:
- 4.3 The Maximum Contract Sum payable under this AGREEMENT , for the **complete term of the Contract from July 9, 2002 through June 30, 2006**, shall not exceed **\$9,550,260**.
6. Section 4.0, **CONTRACT SUM**, Subsection 4.3.5 is added as follows:
- 4.3.5 The total amount payable under Amendment Number Three of this AGREEMENT is **\$1,790,674** for the nine (9) months extension from October 01, 2005 through June 30, 2006.
7. Section 21.0 **CLIENT GRIEVANCES**, is deleted in its entirety and replaced as follows:

21.0 **COMPLAINTS**

21.1 CONTRACTOR shall establish a written procedure to resolve client grievances. At the request of the COUNTY's Program Manager, CONTRACTOR shall submit such procedures to COUNTY within five (5) calendar days from the date of the request.

21.1.1 CONTRACTOR shall develop and operate procedures for receiving, investigating and responding to complaints. Within five (5) business days after Contract effective date, CONTRACTOR shall provide COUNTY with CONTRACTOR'S policy for receiving, investigating and responding to user complaints.

21.1.2 If COUNTY request changes in CONTRACTOR'S

policy, CONTRACTOR shall make such changes and resubmit the plan within five (5) business Days.

21.1.3 If, at any time, CONTRACTOR wishes to change CONTRACTOR'S policy, CONTRACTOR shall submit proposed changes to COUNTY for approval before implementation.

21.2 CONTRACTOR shall preliminarily investigate all complaints and notify COUNTY's Program Manager of the status of the investigation within five (5) business Days of receiving the complaint.

21.3 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

21.4 Copies of all written responses shall be sent to COUNTY's Program Manager within three (3) business Days of mailing to the complainant.

8. Section 35.0 **CHILD SUPPORT**, is deleted in its entirety and replaced as follows:

35.0 CHILD SUPPORT COMPLIANCE PROGRAM

35.1 Contractor's Warranty of Adherence to COUNTY's Child Support Compliance Program

CONTRACTOR acknowledges that COUNTY has established a goal of ensuring that all individuals who benefit financially from COUNTY through contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon COUNTY and its taxpayers.

35.2 As required by COUNTY's Child Support Compliance Program (County Code Chapter 2.200) and without limiting CONTRACTOR'S duty under this AGREEMENT to comply with all applicable provisions of law, CONTRACTOR warrants that it is now in compliance and shall during the term of this contract maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall

implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family, or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

35.3 Termination for Breach of Warranty to Maintain Compliance with COUNTY's Child Support Compliance Program

Failure of CONTRACTOR to maintain compliance with the requirements set forth in [Subsection 35.1](#), Contractor's Warranty of Adherence to COUNTY's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to COUNTY under any other provision of this Contract, failure of CONTRACTOR to cure such default within ninety (90) calendar days of written notice shall be grounds upon which COUNTY may terminate this AGREEMENT pursuant to Section 19.0 Termination for Default, and pursue debarment of CONTRACTOR, pursuant to County Code Chapter 2.202

9. Section 53.0, Subsection 53.2.7 is deleted in its entirety and replaced as follows:

53.2.7 CONTRACTOR'S Staff Identification

- a) CONTRACTOR shall provide all staff assigned to this AGREEMENT with a photo identification badge in accordance with COUNTY specifications. Specifications may change at the discretion of the COUNTY and CONTRACTOR will be provided new specifications as required. The format and content of the badge is subject to the COUNTY's approval prior to the CONTRACTOR implementing the use of the badge. CONTRACTOR staff, while on duty or when entering a COUNTY facility or its grounds, shall prominently display the photo identification badge on the upper part of the body.
- b) CONTRACTOR shall notify the COUNTY within one business day when staff is terminated from working on this Contract. CONTRACTOR is responsible to retrieve and immediately destroy the staff's COUNTY photo identification badge at the time of removal from the COUNTY Contract.
- c) If COUNTY requests the removal of CONTRACTOR'S staff,

CONTRACTOR is responsible to retrieve and immediately destroy the CONTRACTOR'S staff's COUNTY photo identification badge at the time of removal from working on the Contract.

10. Sections 60.0 to 63.0 are added to the AGREEMENT as follows:

60.0 CONTRACTOR'S OBLIGATION UNDER THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

CONTRACTOR shall be required to comply with the Administrative Simplification requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 as contained in [Exhibit R](#).

61.0 NON-EXCLUSIVITY

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with CONTRACTOR. This AGREEMENT shall not restrict DCFS from acquiring similar, equal or like goods and/or services from other entities or sources.

62.0 PATENT, COPYRIGHT & TRADE SECRET INDEMNIFICATION

62.1 Contractor shall indemnify, hold harmless and defend County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, for or by reason of any actual or alleged infringement of any third party's patent or copyright, or any actual or alleged unauthorized trade secret disclosure, arising from or related to the operation and utilization of Contractor's work under this Contract. County shall inform Contractor as soon as practicable of any claim or action alleging such infringement or unauthorized disclosure, and shall support Contractor's defense and settlement thereof.

62.2 In the event any equipment, part thereof, or software product becomes the subject of any complaint, claim, or proceeding alleging infringement or unauthorized disclosure, such that County's continued use of such item is formally restrained, enjoined, or subjected to a risk of damages, Contractor, at its sole expense, and providing that County's continued use of the system is not materially impeded, shall either:

- a. Procure for County all rights to continued use of the questioned product; or
- b. Replace the questioned product with a non-questioned item; or
- c. Modify the questioned product so that it is free of claims.

62.3 CONTRACTOR shall have no liability if the alleged infringement or unauthorized disclosure is based upon a use of the questioned product, either alone or in combination with other items not supplied by Contractor, in a manner for which the questioned product was not designed nor intended.

63.0 BUDGET REDUCTION

In the event that the County's Board of Supervisors adopts, in any fiscal year, a COUNTY Budget which provides for reductions in the salaries and benefits paid to the majority of COUNTY employees and imposes similar reductions with respect to COUNTY contracts, COUNTY reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year for services provided by CONTRACTOR under this Contract. COUNTY's notice to CONTRACTOR regarding said reduction in payment obligation shall be provided within thirty (30) calendar Days of the Board's approval of such actions. Notwithstanding such reduction, CONTRACTOR shall continue to provide all of the services set forth in this Contract.

11. Attached to this Amendment Number Three, and incorporated by reference, are the following Exhibits:

Exhibit B-3: [ESTEP Budget for Amendment Number Three](#)

Exhibit R: [Contractor's Obligation Under The Federal Health Insurance Portability And Accountability Act \(HIPAA\)](#)

EXCEPT AS PROVIDED IN THIS AMENDMENT NUMBER TWO, ALL OTHER TERMS AND CONDITIONS OF AGREEMENT NUMBER 74076, AND AMENDMENT NUMBER ONE THERETO, SHALL REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT. SIGNATURES BELOW INDICATE ACCEPTANCE AND AGREEMENT TO THIS AMENDMENT.

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 74076**

IN WITNESS WHEREOF, the Board of Supervisors of the COUNTY of Los Angeles has caused this Amendment to be subscribed by its Chair and the seal of such Board hereto affixed and attested by the Executive Officer and Clerk thereof, and the CONTRACTOR has caused this Amendment to be subscribed in its behalf by its duly authorized officer(s) on the _____ day of _____, 2005. The persons signing on behalf of the CONTRACTOR warrant under penalty of perjury that he or she is authorized to bind the CONTRACTOR.

COUNTY OF LOS ANGELES

By _____
Chair, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Los Angeles COUNTY
Board of Supervisors

By _____

CONTRACTOR

By _____

Name David R. Sprugett

Title President

By Tim Monos

Name TIM MONOS

Title CFO

68-0016439
Tax Identification Number

APPROVED AS TO FORM:

OFFICE OF COUNTY COUSEL
RAYMOND G. FORTNER, JR., COUNTY COUNSEL

BY David Baudet
David Baudet, Deputy COUNTY Counsel

EXHIBIT B-3

BUDGET,

October 01, 2005 to June 30, 2006

**The California Community Colleges Foundation
EARLY START TO EMANCIPATION (ESTEP)
9 Months Budget (October 1, 2005-June 30, 2006)**

PERSONNEL COSTS**A. SALARIES & WAGES**

	Annual	9 Mos. Budget	Number FTE	Part-Time Employee	Length of Year	Total for 9 Months Amount
Regional Director	\$ 112,445	\$ 84,334	0.25		100%	\$ 21,083
Program Manager	\$ 60,000	\$ 45,000	2.00		100%	\$ 90,000
Program Coordinator	\$ 48,410	\$ 36,308	2.00		100%	\$ 72,615
Emancipation Preparation Advisor Avg. Salary	\$ 34,000	\$ 25,500	12.00		100%	\$ 306,000
Administrative Assistant	\$ 30,000	\$ 22,500	2.00		100%	\$ 45,000
Clerk	\$ 24,120	\$ 18,090	2.00		100%	\$ 36,180
Master Tutors (40 Youth Tutored)						
Full Time @ \$15/hr (1)	\$ 15,000	\$ 11,250		12.00	100%	\$ 135,000
Peer Counselors	\$ 4,875	\$ 3,656		24.00	100%	\$ 87,750
Part Time @\$6.75/hr for Approximately 14 hours/wk						
Tutors (456 Youth Tutored)						
Full Time @ \$11/hr: 4 youth tutored for 65 hours/youth (2)	\$ 2,860	\$ 2,145		112.00	100%	\$ 240,240
Total Salaries & Wages						\$ 1,033,868

B. EMPLOYEE BENEFITS

Medical/Dental (Master Tutors, Tutors, Peer Couns. Not Included)	9.00	\$ 51,378.75
Professional Liability	1.00	\$ 10,338.75
Social Security	7.65	\$ 79,091.25
State Unemployment (percentage of first \$7000 of wages or allocated portion)	3.85	\$ 19,146.00
Workmen's Comp	1.10	\$ 11,372.25
Life Insurance	0.23	\$ 2,378.25
Total Benefits		\$ 173,705

C. CONSULTANT

Curriculum & Materials Development	\$	3,750.00
Computer Network Administrator	\$	15,000.00
Total Consultants	\$	18,750

SUB-TOTAL PERSONNEL COSTS **\$ 1,226,324**

INDIRECT EXPENSES:**NON-PERSONNEL COSTS****D. TRANSPORTATION AND TRAVEL**

Mileage	2250 MILES PER STAFF @	28.25	staff 0.300/mile	\$ 19,069
Travel	3 Trips to meet with CCF fiscal personnel	2	staff 400.00/trip	\$ 2,400
Total Transportation				\$ 21,469

**The California Community Colleges Foundation
EARLY START TO EMANCIPATION (ESTEP)
9 Months Budget (October 1, 2005-June 30, 2006)**

Exhibit B-3

E. FACILITIES COSTS

Office Rent	4,000 Sq Ft @	97.50	12.00 months	\$	35,100
Telephone	\$50.00 per month @	20.25	12.00 months	\$	9,113
Total Facilities					\$ 44,213

F. CONSUMABLES SUPPLIES

Business Cards	18.25 staff @	\$ 50	per person	\$	684
Postage	12 months @	\$ 500	per month	\$	4,500
Paper/printing	12 months @	\$ 300	per month	\$	2,700
Other	12 months @	\$ 150	per month	\$	1,350
Assessment Materials	1650 Sets @	\$ 10	per month	\$	12,375
Tutoring Materials	496 Sets @	\$ 50	per set	\$	18,600
Fingerprints	146 Sets @	\$ 24	per set	\$	2,628
Food for Practicum	72 sessions	\$ 148.50	for 22 youth/session	\$	8,019
Total Consumables					\$ 50,856

G. EQUIPMENT

Computer	13 Computers @	Unit Cost 1,800		\$	17,550
	13 Network Cards @	200		\$	1,950
	5 Furniture	750		\$	2,813
	4 Phones	200		\$	650
	4 Phone Install	200		\$	650
Postage Meter Lease		50%		\$	3,000
Copier		8,000		\$	3,000
Total Equipment					\$ 29,613

H. OTHER

Staff Development				\$	7,500
Total Other					\$ 7,500

I. COLLEGE SUBCONTRACTS (3)

12 College - Instruction Materials	\$ 20	Per Youth	\$	11,880	\$ 15,840
12 College - 5 Ongoing Days for 3 groups	\$ 215	per Hour	\$	116,100	\$ 154,800
12 College - Food for 22 Youth for 3 groups	\$ 148.50	15.00 Days	\$	20,048	\$ 26,730
12 College - On-going Incentives	\$ 49	66.00 Youth	\$	29,106	\$ 38,808
Total College Subcontracts					\$ 177,134
					\$ 236,178

SUB-TOTAL NON-PERSONNEL COSTS

\$ 330,784

GRAND TOTAL

\$ 1,557,107

J. Indirect Charge @ 15%

\$ 233,567

BUDGET TOTAL FOR 9-MONTHS (OCTOBER 1, 2005 THROUGH JUNE 30, 2006)

\$ 1,790,674

(1) Master tutors will tutor 40 youth; Tutors will tutor 456 totalling 496 youth.

(2) Tutors will be compensated for up to 50 contact hours and 15 hours per youth for tutor training, paper work, and supervision meetings

(3) Each college subcontract consist of 15 - 4 hour training sessions.

EXHIBIT R

CONTRACTOR'S OBLIGATION UNDER HIPAA

CONTRACTOR'S OBLIGATIONS UNDER HIPAA

Under this Agreement, Contractor provides services to County and Contractor receives, has access to, and/or creates Protected Health Information, as defined below, in order to provide those services. County is subject to the Administrative Simplification requirements of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated under HIPAA, including the "Standards for Privacy of Individually Identifiable Health Information" which are located in Title 45 of the Code of Federal Regulations, Parts 160 and 164 ("Privacy Regulations"). The Privacy Regulations mandate certain protections for the privacy and security of Protected Health Information. The Privacy Regulations also require County to enter into an agreement with Contractor in order to obtain satisfactory assurance from Contractor that Contractor will appropriately safeguard the Protected Health Information. Disclosure to or use of Protected Health Information by Contractor is prohibited if such an agreement is not in place. Therefore, the parties agree to the terms of [this Exhibit R](#).

1.0 DEFINITIONS

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Contractor's internal operations, or to other than its employees.
- 1.2 "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.3 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Contractor from or on behalf of County. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Contractor from or on behalf of County, or is created by Contractor, or is made accessible to Contractor by County.
- 1.4 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand;

Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require

- 1.5 such information if payment is sought under a government program providing benefits.
- 1.6 "Services" has the same meaning as in this Agreement.
- 1.7 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Contractor's internal operations.
- 1.8 Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Regulations.

2.0 OBLIGATIONS OF CONTRACTOR

2.1 Permitted Uses and Disclosures of Protected Health Information. Contractor:

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sub-sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Exhibit AA;
- (b) shall Disclose Protected Health Information to County upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
 - (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Contractor shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Contractor warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Agreement. Contractor agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.

2.3 Reporting Non-Permitted Use or Disclosure. Contractor shall report to County each Use or Disclosure that is made by Contractor, its employees, representatives, agents or subcontractors, but is not

specifically permitted by this Agreement. The initial report shall be made by telephone call to the appropriate Department, within forty-eight (48) hours from the time the Contractor first becomes aware of the non-permitted Use or Disclosure, as follows:

Chief Information Office Privacy Officer
213-974-2166

The initial telephone report shall be followed by a full written report no later than ten (10) business days from the date the Contractor becomes aware of the non-permitted Use or Disclosure, and shall be sent to County's Chief Information Privacy Officer at:

Chief Information Privacy Officer
Kenneth Hahn Hall of Administration
500 West Temple Street
Suite 493
Los Angeles, CA 90012

- 2.4 Mitigation of Harmful Effect. Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a Use or Disclosure of Protected Health Information by Contractor in violation of the requirements of this Agreement.
- 2.5. Availability of Internal Practices, Books and Records to Government Agencies. Contractor agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining County's compliance with the Privacy Regulations. Contractor shall immediately notify County of any requests made by the Secretary and provide County with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by County available to the Individual(s) identified by County as being entitled to access and copy that Protected Health Information. Contractor shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from County. Contractor shall provide copies of that Protected Health Information within five (5) business days after receipt of request from County.
- 2.7 Amendment of Protected Health Information. Contractor shall, to the extent County determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by County. Contractor shall make such amendment within ten (10) business days after receipt of request from County in order for County to meet the requirements under 45 C.F.R. § 164.526.

- 2.8 Accounting of Disclosures. Upon County's request, Contractor shall provide to County an accounting of each Disclosure of Protected Health Information made by Contractor or its employees, agents,

representatives or subcontractors. However, Contractor is not required to provide an accounting of Disclosures that are necessary to perform the Services if such Disclosures are for either payment or health care operations purposes, or both.

Any accounting provided by Contractor under this Sub-section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Sub-section 2.8, Contractor shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Contractor shall provide to County, within ten (10) business days after receipt of request from County, information collected in accordance with this Sub-section 2.8 to permit County to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3.0 OBLIGATION OF COUNTY

- 3.1 Obligation of County. County shall notify Contractor of any current or future restrictions or limitations on the use of Protected Health Information that would affect Contractor's performance of the Services, and Contractor shall thereafter restrict or limit its own uses and disclosures accordingly.

4.0 TERM AND TERMINATION

- 4.1 Term. Contractor's obligations under Sub-sections 2.1 (as modified by Sub-section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon County's knowledge of a material breach by Contractor, County shall either:
- (a) Provide an opportunity for Contractor to cure the breach or end the violation, and terminate this Agreement if Contractor does not cure the breach or end the violation within the time specified by County; or
 - (b) Immediately terminate this Agreement if Contractor has breached a material term of this Agreement and cure is not possible; or
 - (c) If neither termination or cure are feasible, County shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Contractor shall return or destroy all Protected Health Information received from County, or created or received by Contractor on behalf of County. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Contractor. Contractor shall retain no copies of the Protected Health Information.
- (b) In the event that Contractor determines that returning or destroying the Protected Health Information is infeasible, Contractor shall provide to County notification of the conditions that make it infeasible. If return or destruction is infeasible, Contractor shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such Protected Health Information.

5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Contractor shall require each of its agents and subcontractors receiving Protected Health Information from Contractor, or creating Protected Health Information for Contractor, on behalf of County, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Exhibit AA.
- 5.3 Relationship to Agreement Provisions. In the event that a provision of this Exhibit AA is contrary to any other provision of this Agreement, the provision of this Exhibit AA shall control.
- 5.4 Regulatory References. A reference in this Agreement to a section in the Privacy Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits County to comply with the Privacy Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for County to comply with the requirements of the Privacy Regulations.